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FM AIT TAIPEI
TO RUEHC/SECSTATE WASHDC PRIORITY 5385
INFO RUEHBJ/AMEMBASSY BEIJING 6830
RUEHUL/AMEMBASSY SEOUL 8670
RUEHKO/AMEMBASSY TOKYO 8806
RUEHCN/AMCONSUL CHENGDU 1913
RUEHGZ/AMCONSUL GUANGZHOU 0283
RUEHHK/AMCONSUL HONG KONG 8082
RUEHGH/AMCONSUL SHANGHAI 1112
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RUEAIIA/CIA WASHDC
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C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 001172

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E.O. 12958: DECL: 05/25/2017

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SUBJECT: DPP AND KMT CONTEST BATTLEGROUND COUNTIES IN
CENTRAL TAIWAN

Classified By: AIT Deputy Director Robert S. Wang,
Reasons: 1.4 (b/d)

¶1. (C) Summary: Changhua, Nantou, and Yunlin are key swing counties in central Taiwan where 8 seats will be up for grabs in upcoming legislative elections. The three counties will also produce 10 percent of the votes in the critical 2008 presidential election between the ruling DPP's Frank Hsieh and the opposition KMT's Ma Ying-jeou. The pan-Blue slightly outnumbers the pan-Green in the region's current Legislative Yuan (LY) contingent. Sluggish economic growth in this largely agricultural area may be dampening voter confidence in the DPP, which could help the KMT in the upcoming legislative elections to be held in December 2007 or January ¶2008. Local KMT officials expect their party to take 4-8 of the total 8 seats, while the DPP predicts it may win 4 seats.
End Summary.

Fruit Exports, Local Ties Versus Taiwan Identity

¶2. (C) AIT met recently with Changhua, Nantou and Yunlin county KMT and DPP party leaders to discuss local views on the upcoming legislative and presidential elections. While northern and southern Taiwan generally vote Blue and Green respectively, these three counties in central Taiwan are more evenly split between the two camps and are likely to emerge as an important battleground in the upcoming presidential and legislative elections. While two of the three counties voted DPP in the 2004 presidential election, the pan-Blue narrowly came out ahead in the 2004 legislative elections, winning 9 seats compared to 8 for the pan-Green and 3 for independents under the previous multi-member district system.

¶3. (C) Local KMT and DPP leaders expect particularly intense competition this year as electoral reforms will reduce the number of legislators in this region from 20 to 8. Contacts from both parties told AIT that "bread-and-butter" issues, especially fruit and produce exports, health care, and education will be key voter concerns. Sluggish economic growth in these largely agricultural areas, which contrasts sharply with the booming economy of neighboring high-tech oriented Taichung, may be dampening voter confidence in the ruling DPP, to the benefit of the KMT.

14. (C) Ideological issues such as ethnic identity, independence, and constitutional amendments may also find resonance with voters when they elect their next president in January or March 2008. When it comes to legislative elections in this region, however, the dictum that "all politics are local" holds true. Local factions, personal relationships, and vote buying continue to play an important role in the rural heartland of central Taiwan. Cross-Strait trade and tourism are also important factors since produce exports and tourism are important in the regional economy. KMT contacts told AIT that voters are frustrated with the slow development of cross-Strait relations under the DPP government.

Gearing Up for Battle

15. (C) Combined, the three counties will have 8 of the total 73 district seats in the new LY to be elected in December 2007 or January 2008. KMT officials expect to win at least 4 seats and optimistically talk of a possible sweep in all 8 districts, while the DPP anticipates winning at least 4 seats. Both KMT and DPP officials predicted that the smaller pan-Blue People First Party (PFP) and pan-Green Taiwan Solidarity Union (TSU) will lose their legislative representation in the region because the new single-member election district format favors the large parties. At this early stage, contacts from the two major parties also registered concerns that some disgruntled candidates who have lost primary elections might decide to run as independents, which could split the pan-Blue or pan-Green vote in one or more districts, leading to upsets.

16. (C) Changhua is the most developed and populous of the

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three central Taiwan counties. The KMT has traditionally enjoyed a modest edge over the DPP here, with the pan-Blue taking 5 seats compared to the pan-Green's 3 seats in the 2004 legislative elections. While the DPP won the 2004 presidential race by 4 percent, it lost the 2005 county magistrate election. Local KMT party officials expressed confidence they could win all 4 legislative seats, but acknowledged some weakness in particular districts. DPP officials told AIT their best chances are in two districts, one of which the KMT identified as an area of concern. In all four districts, there are potential splits in one or both camps.

17. (C) The economy of Nantou, Taiwan's only landlocked county, is centered on the Sun Moon Lake tourist industry. Both KMT and DPP officials estimate that 55% of Nantou voters are Blue versus 45% Green. Nonetheless, the pan-Blue and pan-Green each won 2 LY seats in Nantou in 2004. With redistricting, the voter population is now split into two districts, one Blue and one Green. The Blue district will almost certainly go to incumbent "ballot machine" Wu Den-yih, who is also the KMT's Secretary General. Currently, Wu faces no challengers either inside or outside his party. In the Green district, two DPP legislators are battling in a primary. The KMT candidate, Director General of the Nantou Tourism Bureau, faces a tough challenge in this Green stronghold, even with help from Wu Den-yih.

18. (C) Local factions play a particularly prominent role in Yunlin, the poorest of the three counties. Yunlin voted 60% to 40% in favor of the DPP ticket in the 2004 presidential election, and also elected a DPP magistrate in 2005. In the 2004 LY elections, the pan-Green won 3 of 6 seats compared to 2 for the pan-Blue. One of Yunlin's two districts is a stronghold of the KMT-linked Chang family faction, and is therefore likely to go to the KMT despite its decision to field a young and inexperienced candidate. Although the other district is pro-Green, the TSU's plan to field a candidate could split the Green vote and hand the election to rising KMT star Hsu Shu-po. Hsu's rival has threatened to

run as an independent if he loses the primary, which would split the pan-Blue vote. Whichever camp does the best job in unifying its forces may win this election.

Comment

19. (C) Traditional pork-barrel and factional politics will play an important role in the upcoming elections in this competitive central Taiwan region. If the presidential and legislative elections are held together on the same day in January 2008, this area will be a key battleground in the contest for power between the ruling DPP and opposition KMT. Races in central Taiwan will also test the ability of the two major parties to unify their forces by preventing splits and defections.
YOUNG